

Message Text

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ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 CIAE-00 DODE-00 PM-09 H-02

INR-10 L-03 NSAE-00 NSC-10 PA-03 RSC-01 PRS-01 SS-15

USIA-12 GSA-01 OEP-01 INT-08 COME-00 TRSE-00 OMB-01

CIEP-02 RSR-01 AID-20 IGA-02 /125 W
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R 261435 Z APR 73

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 8306

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E. O. 11652: N/ A

TAGS: EIND EMIN PFOR GY

SUBJECT: SALES OF REFRACTORY GRADE BAUXITE FROM STOCKPILE

REF: STATE 070364

1. APPARENTLY AS RESULT OF DISCUSSIONS IN CABINET AT TUESDAY' S WEEKLY MEETING, MINISTER OF MINES AND FORESTS HUBERT O. JACK INVITED ME TO CALL ON HIM TO DISCUSS PENDING LEGISLATION TO AUTHORIZE DISPOSAL OF VARIOUS MATERIALS FROM US NATIONAL AND SUPPLEMENTAL STOCKPILES. HE WAS CONCERNED SPECIFICALLY BY INDICATIONS SOME 173,000 TONS OF REFRACTORY GRADE BAUXITE WOULD BE PUT ON MARKET.

2. I EXPLAINED BACKGROUND OF DECISION DISPOSE OF SOME SIX BILLION DOLLARS WORTH OF MATERIALS WHICH RECENT STUDIES INDICATED WERE NO LONGER REQUIRED TO MEET US SECURITY AND DEFENSE NEEDS, WHICH WAS ONLY RATIONALE FOR BUILDING UP RESERVES. MAINTAINING, MANAGING AND STORING STOCKPILES THIS MAGNITUDE NO LONGER JUSTIFIABLE. I TOLD MINISTER I SAW NO POSSIBILITY WHATSOEVER OF REVERSING DECISION. I READ HIM EXCERPTS OF COMMENTS BY DPTY SEC DEFENSE CLEMENTS AND CHAIRMAN OF THE PRESIDENT' S COUNCIL OF ECONOMIC ADVISORS STEIN

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ON APRIL 16 AS CARRIED IN USIA WIRELESS FILE, WHICH I HAD TAKEN WITH ME ANTICIPATING PURPOSE OF CALL , IN EFFORT TO REASSURE MINISTER THAT USG WOULD WATCH MARKET CONDITIONS CAREFULLY AND ENDEAVOR NOT TO DISRUPT SERIOUSLY INDUSTRIES IN COUNTRIES HEAVILY DEPENDENT ON SOME OF THE PRODUCTS TO BE SOLD.

3. MINISTER JACK SAID GOG NOT SO CONCERNED WITH EFFECTS ON MARKET OF DISPOSAL OF ALUMINUM (WHICH GUYANA DOES NOT PRODUCE) OR METAL GRADE BAUXITE (IN WHICH IT COMPETES WITH JAMAICA AND SURINAM IN THIS AREA). HOWEVER, GUYBAU' S PRINCIPLE MONEY EARNER IS CALCINED BAUXITE, IN WHICH IT ENJOYS A VIRTUAL MONOPOLY. 173,000 TONS, THE AMOUNT OF REFRACTORY GRADE BAUXITE TO BE SOLD FROM STOCKPILES, IS JUST ABOUT EQUAL TO WHAT GUYANA SELLS TO THE US IN A YEAR, ACCORDING TO JACK, AND IS ABOUT 30 PERCENT OF GUYBAU ' S TOTAL OUTPUT. GUYBAU' S PLANS FOR THE FUTURE AND ITS EXPANSION PROGRAM ARE BASED ALMOST ENTIRELY ON THE ANTICIPATED MARKET FOR CALCINED BAUXITE. ANY CHANGES IN PROJECTIONS BROUGHT ABOUT BY USG SALES OF THIS COMMODITY WILL HAVE TREMENDOUS AND DIRECT EFFECTS ON OVERALL ECONOMY OF GUYANA. WHAT GOG IS SEEKING, THEREFORE, IS CLOSE AND CONTINUING CONSULTATIONS ON USG PLANS DISPOSE OF ITS 173,000 TONS OF REFRACTORY GRADE BAUXITE.

4. WHILE RECOGNIZE REFTTEL INDICATED NO CONSULTATIONS PLANNED UNTIL LEGISLATIVE APPROVAL FOR DISPOSAL OBTAINED, I WOULD LIKE BE ABLE ASSURE MINISTER JACK THAT USG WILL CONSULT WITH GOG RE REFRACTORY GRADE BAUXITE AT APPROPRIATE TIME IN VIEW SPECIAL CIRCUMSTANCES.

5. PLEASE ADVISE. KING

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